

REMARKS

Claim 21 has been canceled.

The rejection of claims 1-2 and 4-7 under 35 U.S.C. 103(a) as being unpatentable over Fried (U.S. Patent No. 6,035,286) in view of the article, "Dow Dogs Will Have Their Day..." ("Dow Dogs") is respectfully traversed. Regarding the limitation of claim 1 concerning the sum of dividend yield and buyback ratios, the Examiner states in the Response to Arguments on page 10 of the Office Action:

Applicant argues that neither Fried nor "Dow Dogs" has any suggestion or motivation for using a sum of dividend yield and buyback ratios as claimed. Examiner disagrees; it would be accurate to say that neither Fried nor "Dow Dogs" actually discloses doing so, but a stretch to say that nothing in the cited references provides any incentive or motive to use a sum. Fried discloses using buyback ratio to select a subset of stocks, and then using price/earnings ratio (or other criteria) to choose stocks for a portfolio, while "Dow Dogs" not only teaches using dividend yield to select a set of stocks for a portfolio, but further teaches that corporate managers these days are more likely to spend cash on buying back stock than on paying substantial dividends. This is held to qualify as motivation to take buyback ratio as well as dividend yield into account, and the sum of buyback ratio and dividend yield is the measure of paid-out earnings. Fried, of course, also teaches that buying stocks with high buyback ratios

is likely to be advantageous, as such stocks are reported to outperform the market (column 1).

While it would certainly be possible to use some other predetermined relationship between dividend yield and buyback ratio, the sum of the two not only has the charm of simplicity, but is a direct measure of paid-out earnings.

This statement is respectfully traversed. There is no known teaching or suggestion in Fried or Dow Dogs that the sum of dividend yield and buyback ratio is a direct measure of paid-out earnings, and even if there were such a suggestion, the Examiner has found no reference teaching or suggesting that paid-out earnings is useful for selecting securities. The Examiner relies on paid-out earnings as the key to motivation, but has not cited any known reference that teaches or suggests or supplies any motivation to use paid-out earnings to select securities. Thus, one of ordinary skill would not be motivated to combine Fried with Dow Dogs in the manner suggested by the Examiner. For all these reasons, claim 1 is allowable.

Claims 2 and 4-14 depend on claim 1 and are allowable for the same reasons as claim 1.

Regarding claim 4, in the Response to Arguments, page 11 of the Office Action, the Examiner repeats his statement that "Fried discloses first selecting a subset of stocks on the basis of buyback ratio alone (in column 4, lines 6-14)." This statement is respectfully traversed. The undersigned has been unable to find anything in Col. 4, lines 6-14 of Fried that teaches or suggests that criteria can consist of only the buyback ratio.

In addition, on pages 11-12 of the Office Action, the Examiner states:

The limitation of claim 4 is that "said predetermined criteria consist only of said predetermined relationship between collected dividend yields and collected buyback ratios." While it would no doubt be possible to add other, more or less motivated and relevant predetermined criteria, ranging from the CEO's salaries to the phase of the moon, nothing in Fried requires such any such criteria. Therefore, it is held to be obvious not to include any other relationships, etc., in the predetermined criteria.

This statement is respectfully traversed. As previously explained, Fried teaches selecting stocks by the combination of buyback ratio and either price/sales ratio or price/earnings ratio (Col. 3, lines 46-48). Fried does not teach or suggest that dividend yield be used as a criteria, much less that only the magnitude of the sum of collected dividend yields and collected buyback ratios be used as a criteria. The Examiner has pointed out no teaching, suggestion or motivation for using the subject matter of claim 4 in order to reach the rejection based on obviousness. Thus, no person of ordinary skill would be motivated to use only the magnitude of the sum of collected dividend yields and collected buyback ratios as a criteria for selecting securities, and claim 4 is allowable.

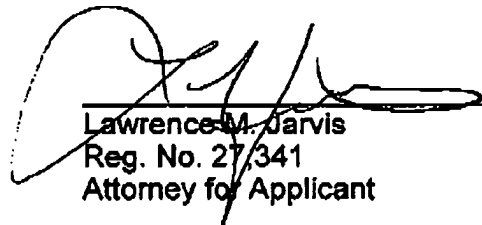
The rejection of claims 15-20 under 35 U.S.C. 103(a) as being unpatentable over Fried in view of Dow Dogs is respectfully traversed. Amended claim 15 is an apparatus claim analogous to claim 1 with respect to the grounds of rejection and is allowable for the same reasons as claim 1.

Claims 16 and 18-20 are dependent on claim 15 and are allowable for the same reasons as claim 15.

In summary, claims 1-2, 4-16 and 18-20 are in condition for allowance, and such action is respectfully requested.

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Respectfully submitted,



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